

March 24, 2015

U.S. House of Representatives  
Washington, DC 20515

Dear Representative:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, **I urge you to oppose H. Con. Res. 27**, the House Fiscal Year 2016 Budget Resolution, currently being considered by the House of Representatives. This budget, introduced by House Committee on the Budget Chairman Tom Price, would be devastating to today's seniors and future retirees, people with disabilities, spouses, survivors and children due to the proposed changes it makes to Medicare, Medicaid, the Affordable Care Act and Supplemental Security Income. While it proposes huge cuts to our social insurance safety net, the Price budget would give massive tax cuts to the very wealthy and large corporations.

**The Price budget plan privatizes Medicare and achieves savings by shifting costs to Medicare beneficiaries.** Beginning in 2024, when people become eligible for Medicare they would not enroll in the current traditional Medicare program which provides guaranteed benefits. Rather they would receive a voucher, also referred to as a premium support payment, to be used to purchase private health insurance or traditional Medicare through a Medicare Exchange. The amount of the voucher would be determined each year when private health insurance plans and traditional Medicare participate in a competitive bidding process. Seniors choosing a plan costing more than the average amount determined through competitive bidding would be required to pay the difference between the voucher and the plan's premium. In some geographic areas, traditional Medicare could be more expensive. This would make it harder for seniors, particularly lower-income beneficiaries, to choose their own doctors if their only affordable options are private plans that have limited provider networks. Wealthier Medicare beneficiaries would be required to pay a greater share of their premiums than lower-income seniors.

The Price budget proposal requires private plans participating in the Medicare Exchange to offer insurance to all Medicare beneficiaries. However, it is likely that plans could tailor their benefits to attract the youngest and healthiest seniors and still be at least actuarially equivalent to the benefit package provided by fee-for-service Medicare. This would leave traditional Medicare with older and sicker beneficiaries. Their higher health costs would lead to higher premiums that people would be unable or unwilling to pay, resulting in a death spiral for traditional Medicare. This would adversely impact people age 55 and older, including people currently enrolled in traditional Medicare, despite Chairman Price's assertion that nothing will change for them.

**In addition to privatizing Medicare, the Price budget would increase the Medicare eligibility age.** Beginning in 2024, H. Con. Res. 27 would gradually increase the age of eligibility for Medicare to correspond with Social Security's retirement age which is increasing from 65 to 67. Raising the Medicare eligibility age is a benefit cut. Although this proposal would save money for the federal government, it would increase system-wide health spending by increasing costs for: everyone 65 and 66 years old who would have to buy private insurance,

which can be age rated; younger people buying health insurance coverage in an older risk pool; Medicare beneficiaries left in an older and less-healthy risk pool; employers providing health insurance to workers and retirees; and State Medicaid programs.

**H. Con. Res. 27 would increase Medicare beneficiaries' out-of-pocket costs.** The Price budget plan would redesign the Medicare benefit beginning in 2024 by combining the Part A and Part B deductibles and making changes to supplemental insurance (Medigap) policies, changes that would likely increase costs for people with Medigap policies. Medicare could be improved for beneficiaries by simplifying its cost-sharing and adding a catastrophic cap. However, the National Committee is opposed to proposals to restructure Medicare's benefits that would reduce federal spending by requiring beneficiaries to pay more.

We also oppose a proposal in the Price budget plan to expand income-related premiums under Medicare Parts B and D until 25 percent of beneficiaries are subject to these premiums. A Kaiser Family Foundation study found that this proposal would affect individuals with incomes equivalent to \$45,600 for an individual and \$91,300 for a couple today.

**By repealing the ACA, the Price budget would take away improvements already in place for Medicare beneficiaries,** including closing the Medicare Part D coverage gap, known as the "donut hole"; providing preventive screenings and services without out-of-pocket costs; and providing annual wellness exams. The Centers for Medicare and Medicaid Services recently reported that since the passage of the ACA, over 9.4 million Medicare beneficiaries in the Medicare Part D donut hole have saved over \$15 billion on their prescription drugs, an average of \$1,595 per person. An estimated 39 million people with Medicare took advantage of at least one preventive service with no cost sharing in 2014.

**The Price budget plan includes reductions to Medicaid funding that would affect low-income seniors.** Medicaid provides funding for health care to help the most vulnerable Americans, including low-income seniors, people with disabilities, children and some families. The House budget would end the current joint federal/state financing partnership and replace it with fixed dollar amount block grants – State Flexibility Funds - giving states less money than they would receive under current law. The proposed block grants would cut federal Medicaid spending by \$913 billion over the next 10 years (2016-2025). Giving states greater flexibility in managing and designing their programs in no way compensates for the significant reductions that beneficiaries, including nursing home residents and their families, could face by turning Medicaid into block grants.

**The Price budget also would repeal the Medicaid expansion in the ACA.** Beginning in 2014, states have had the option to receive federal funding to expand Medicaid coverage to uninsured adults with incomes up to 138 percent of the federal poverty level (\$16,242 for an individual in 2015). Over half of the states have expanded their Medicaid programs, and some others will likely participate in the future. The Price budget would hurt states and low-income individuals by repealing Medicaid expansion, taking away \$900 billion from the program over 10 years. Altogether, H. Con. Res. 27 cuts the Medicaid program by more than \$1.5 trillion over 10 years, compared to current law.

**The Price budget suggests convening a bipartisan commission that would study the “structural deficiencies” within the current Social Security program** and report to recommend specific legislative proposals that would then be considered by the Congress and the President. The National Committee continues to believe that issues relating to the solvency of the Social Security Trust Funds and benefit adequacy should be considered separate and apart from any discussion of the nation’s debt or deficit. Moreover, the Congress should develop changes to Social Security in the full light of day, through the use of regular order and procedures in both bodies, rather than convening commissions that meet in private, thus depriving Americans of their right to full participation in the development of reform proposals.

**Moreover, H. Con. Res. 27 puts 11 million severely disabled SSDI beneficiaries at risk of a 20 percent benefit cut** next year unless legislation to address the financing of the program is accompanied by revenue increases or much more likely benefit cuts. As Acting Social Security Commissioner Carolyn Colvin recently told the Senate Budget Committee, a 20 percent benefit cut would be a “death sentence” to disabled workers who are “barely surviving” on their modest benefits. That’s why the National Committee urges the House to reject the SSDI recommendations in H. Con. Res. 27 and instead make a modest reallocation of Social Security payroll taxes from the retirement trust fund to the Disability Insurance Trust Fund as has been done 11 times in the past on a bipartisan basis.

**The Price budget calls for reducing Supplemental Security Income (SSI) benefits for children** who are raised in families where more than one individual also receives SSI benefits. Children’s SSI benefits serves as a critical lifeline for low-income families caring for children with severe physical and/or mental impairments. SSI benefits replace lost income when a parent must stay home to care for the child, and also cover various extra expenses for children with special needs, enabling families to stay together and care for their children at home instead of in costly publicly-funded institutions. We believe that the benefit structure for the SSI program is woefully out of date, reflecting the neglect the program has received from Congress over the years. Rather than looking for ways to cut benefits to disabled children, the Congress should move to update this vital program so that it provides an adequate benefit to those who qualify for it.

**The National Committee urges you to oppose H. Con. Res. 27**, which would be extremely harmful to seniors, people with disabilities, spouses, survivors and children. We look forward to working with you on proposals to strengthen Medicare and Medicaid that do not shift burdensome health care costs to beneficiaries, as well as proposals to provide adequate funding for programs critical to the retirement and health security of middle- and lower-income Americans.

Sincerely,

A handwritten signature in black ink that reads "Max Richtman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Max Richtman  
President and CEO